DLA-DESC
Strategic Management System

multi-purpose fuels

jet fuels

missile propellants

tactical fuels

"Our Customers First Choice For Energy Solutions"
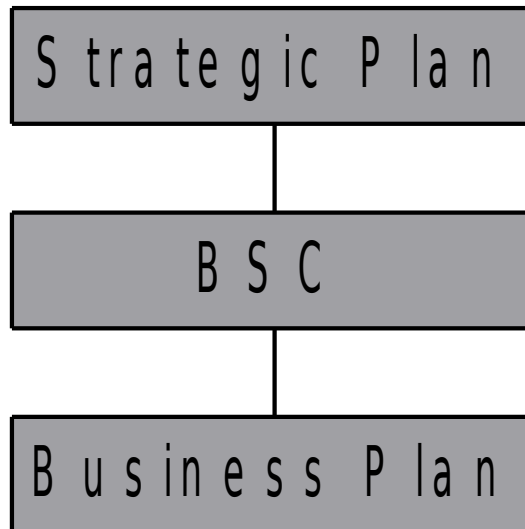
Agenda

- **DLA Strategic Management System (SMS) Components**

- **DLA Balanced Scorecard (BSC)**

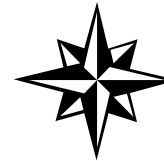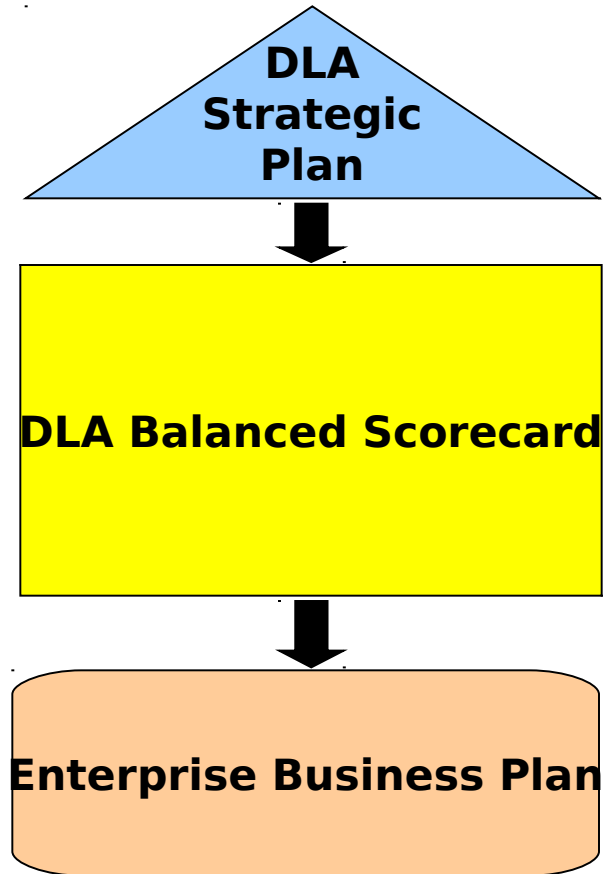- **DESC Balanced Scorecard (BSC)**

- **DESC Business Plan**

DLA Organizational Strategy:

Strategic Management System (SMS)

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┌─────────────────────────────┐
│      Strategic Plan         │
└─────────────────────────────┘
               │
┌─────────────────────────────┐
│            BSC              │
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               │
┌─────────────────────────────┐
│       Business Plan         │
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```

Strategic Plan / BSC / Business Plan Integration

```
        DLA
     Strategic
       Plan
         ↓
   DLA Balanced Scorecard
         ↓
   Enterprise Business Plan
```

The Strategic Plan serves as the _Guide_ to move DLA towards becoming a "world class" logistics provider

The BSC provides a _Roadmap_ for DLA to track their progress in meeting their strategic direction and realizing *Change*

The Business Plan is the operational process that the Agency uses to _Achieve_ its strategic objectives

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- **Strategic Plan:** The Umbrella that Defines the Agency's Mission, Vision, Values, and Goals. The Plan Focuses on Long Range Strategic Development Encompassing a 5 - 7 Year Strategy.

- **BSC:** Transforms the Strategic Plan into a Desired Series of Outcomes or Processes by Focusing on a 4 - 5 year Strategic Transformation

- **Business Plan:** Operational in Nature, Represents the Critical Daily Activities for DLA and Focuses on 3 - 5 Year Operational Activities

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BSC Term Definitions

- **Goal:** The purpose toward which an endeavor is directed

- **Objective:** Something worked toward or striven for, critical for success

- **Task:** A function to be performed

- **Measure:** A performance metric, preferably quantitative, of an organization's relative success in achieving the desired results, objectives, and operational goals. Measures help communicate the behavior required to achieve objectives. Each measure should include the units of measurement.

- **Target:** The level of performance or rate of improvement needed

- **Initiative:** Key action programs required to achieve objectives

The DLA BSC

- **Four Quadrant Approach**
  - Customer
  - Internal Process
  - Learning & Growth
  - Financial

- **Transformational in Nature**

- **Focuses on goals 4 - 5 years down the road**

- **Bridge from Strategic Plan to Business Plan**

DLA Balanced Scorecard

Business Plan

DLA Strategic Plan

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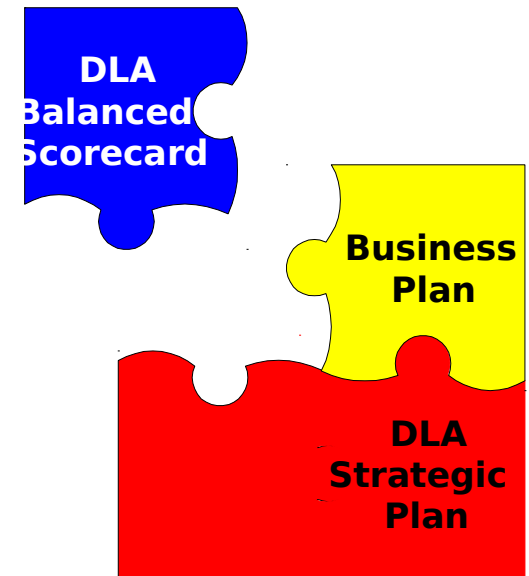
- **Customer:** Who is our customer and what creates value for the customer?

- **Internal Process:** To satisfy customers and budget what business processes need to be in place?

- **Financial:** How do we add value while controlling costs?

- **Learning & Growth:** How do we enable ourselves while also meeting citizen and legislative demands?

Media File

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DESC BSC
Customer Quadrant

Strategies	Strategic Measures	Measure Freq	Baseline	FY02 Actual	FY 03 Actual	FY 04 Target	Current Period	FY04 YTD Results	FY05 Target
C-1: Engage customers in a structured, collaborative and partnering relationship. (Shared)	C-1B, LAG: Improve effectiveness of customer collaboration and partnering relationships. (contributory)	S	TBD	TBD	TBD	TBD	TBD		TBD
	C-1C, LAG: Improve effectiveness of customer communication. (contributory)	S	77.8%	77.8%	79.2%	79.6%			80.1%
C-2: Translate customer needs into integrated logistics solutions to maximize readiness and combat power. (Shared)	C-2C, LAG: Improve problem resolution satisfaction. (contributory)	S	82.3%	83.0%	81.9%	85.0%	Cycle 17 is on hold, so the data for measure C-1 is still current. Results from FY03 Actual are the most current.		86.0%
	C-2D, LAG:Improve customer satisfaction during contingency operations and transitional periods. (contributory)	S	TBD	TBD	TBD	TBD			TBD
C-3: Deliver promised support consistently.	C-3A, LAG: Improve customer satisfaction level (based on DLA survey) (contributory)	S	86.9%	86.4%	87.2%	92.0%			93.0%
	C-3C, LAG: improve								

DESC BSC
Internal Process Quadrant

Strategies	Strategic Measures	Measure Freq	Baseline	FY02 Actual	FY03 Actual	FY04 Target	Current Period	FY04 YTD Results	FY05 Target
IP-1: Implement Perfect Order Fulfillment (Shared)	IP-1B, LAG: Percent of transactional data entered in a timely manner (Contributory)	M	ENTERPRISE						
	IP-1C, LAG: Percent of rejected transactions (Contributory)	M	3.67%	1.90%	0.19%	1.00%	0.20%	0.18%	0.20%
IP-2: Implement Revised Business Processes (Shared)	IP-2D, Measure under development (Contributory)	TBD	PROCUREMENT						
	IP-2E, Measure under development (Contributory)	TBD	SUPPLY						
	IP-2F, Measure under development (Contributory)	TBD	TRANSPORTATION						
IP-3: Implement Strategic Material Sourcing (Shared)	IP-3C, LAG: Contracts in place on time (each CBU) (Contributory)	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
	IP-3D, LAG: Percent of invoices presented for payment on time (Contributory)	M	96.53%	95.65%	96.93%	96.00%	97.96%	98.07%	98.50%

DESC BSC
Learning & Growth Quadrant

Strategies	Strategic Measures	Measure Freq	Baseline	FY02 Actual	FY03 Actual	FY04 Target	Current Period	FY04 YTD Results	FY05 Target
LG-1: Deliver proper knowledge and skills to meet DESC's commitments to our customers (Shared)	LG-1A, LEAD: Skills gap index (Shared)	TBD	ENTERPRISE						
	LG-1C, LAG: Employee perceptions of skills possession (Shared)	A	75%	Data Not Available	Data Not Available	75%	Data Avail. 10/2004	Data Avail. 10/2004	75%
	LG-1D, LAG: Training dollars as a % of labor dollars (Shared)	Q	2.4%	3.0%	3.1%	3.0%	2.7%	2.7%	3.0%
LG-2: Create and manage a customer-focused corporate culture (Shared)	LG-2B, LAG: Employee perceptions of DESC/DLA culture (Shared)	A Mission	43.90%	Data Not Available	43.90%	75%	Data Avail. 10/2004	Data Avail. 10/2004	75%
		Consistency	47.50%		47.50%				
		Involvement	49.30%		49.30%				
		Adaptability	45.40%		45.40%				
LG-3: Provide a quality work environment consistent with DESC values (Shared)	LG-3A, LAG: Employee perceptions of workplace environment, (Shared)	A Communication	49.50%	Data Not Available	49.50%	75%	Data Avail. 10/2004	Data Available 10/2004	75%
		Learning Development	66.90%		66.90%				
		Physical Environment	73.90%		73.90%				
		Rewards	42.20%		42.20%				
		Work/Life Balance	0.0%		0.0%				

DEFENSE ENERGY SUPPORT CENTER

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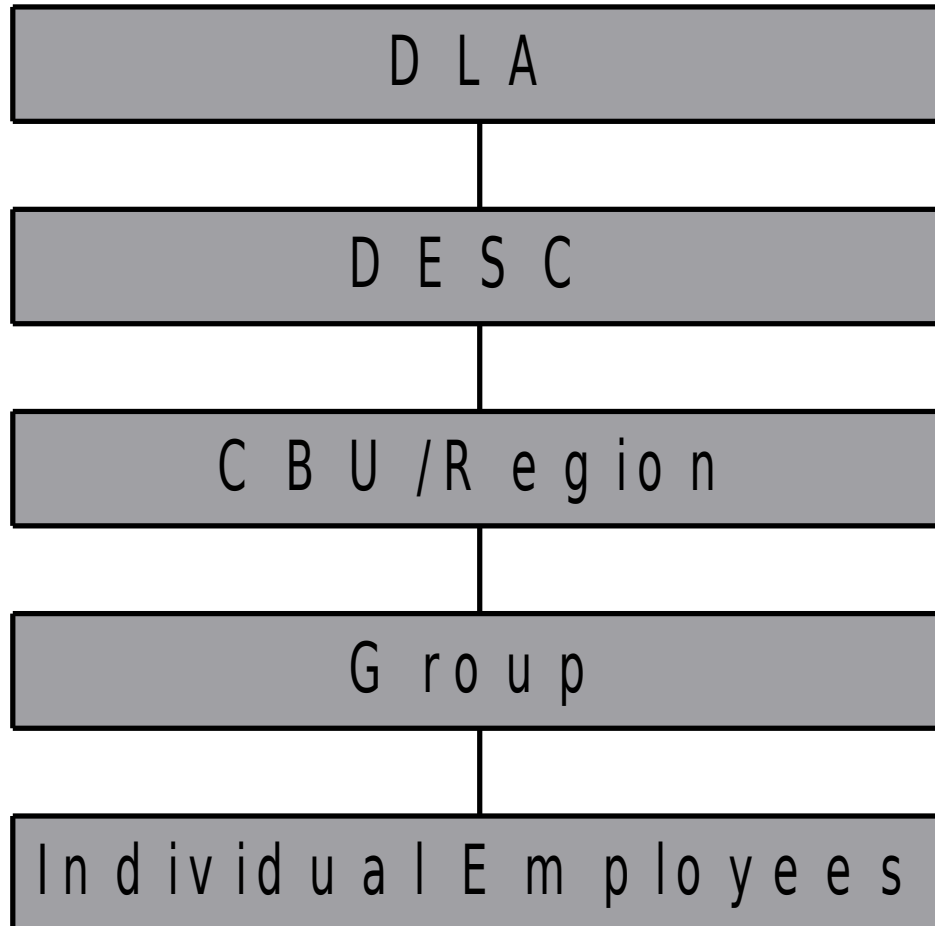| Strategies	Strategic Measures	Measure Freq	Baseline	FY02 Actual	FY03 Actual	FY04 Target	Current Period	FY04 YTD Results	FY05 Target
LG-3 (con't): Provide a quality work environment consistent with DESC values (Shared)	LG-3B, LAG: Exit survey assessment - Work Environment (Shared)	S Advancement/ Recognition	2.45 (31.4%)	Data Not Available	2.45 (31.4%)	2.9	Data Available 10/2004		2.9
		Compensation Benefits	2.45 (34.7%)		2.45 (34.7%)				
		Quality of Life	2.31 (32.5%)		2.31 (32.5%)				
	LG-3C, LEAD: Parity Index-Minority High-Grade (HG), Hispanic (O) Overall, Women High-Grade & Women Overall	Q	M_{HG}=67	Data Not Available	67	90	69	69	90
		Q	H_O=55	68	63	80	66	66	80
		Q	W_{HG}=95	Data Not Available	95	100	94	94	100
		Q	W_O=92		100+	100	100	100	100

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DESC BSC
Financial Quadrant

Strategies	Strategic Measures	Measure Freq	Baseline	FY02 Actual	FY03 Actual	FY04 Target	Current Period	FY04 YTD Results	FY05 Target
F-1: Resource DESC's transformational strategies (Shared)	F-1B, LAG: Percent of DWCF budget requests received (Shared)	A	100.0%	121.0%	114.0%	100.0%	Data Available 10/04		100.0%
	F-1C, LAG: Accuracy of energy sales forecasts. (POM Years) (Shared)	Q	100.0%	101.0%	120.0%	100.0%	108.0%	108.0%	100.0%
F-2: Minimize total supply chain costs (Shared)	F-2A, LEAD: Cost recovery rate (Shared)	A	17.8%	20.0%	17.0%	20.0%	Data Available 10/04		16.0%
	F-2B, LAG: DESC major bulk price vs. industry price (Contributory)	M	$0.006	-$0.002	-$0.009	$0	-$0.0033	-$0.0016	$0
F-3: Promote confidence in DESC's financial stewardship (Shared)	F-3B: % of CFO audit finding reconciled (completed milestone/# milestones that qtr) (Shared)	Q	n/a	n/a	n/a	100%	100% (1/1)	100%	100%

BSC Cascade Structure

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│                D L A                 │
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│                D E S C               │
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│            C B U /R e g i o n        │
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│                G r o u p             │
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│      I n d i v i d u a l  E m p l o y e e s      │
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- At maturity, the BSC program is used throughout an organization. Every level, from the overall organization down to each individual employee, has a BSC.

- Each level of the BSC supports the overall BSC

- CBU/Region, Group, and Individual BSC goals align with the Agency objectives that are articulated in the overall Agency BSC

BSC Training & Facilitation Efforts

- **DESC's new BSC**
  - Unique to DESC…more meaningful to our employees
  - Still supportive of DLA's BSC

- **DESC's BSC Development Team**
  - Purpose
  - Composition
  - Training

- **DESC BSC Future Focus**
  - Develop strategic objectives
  - Approve strategic objectives
  - Train managers
  - Train employees
  - Cascade BSC

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DESC Submissions to the DLA Business Plan

- Customer Support
- Bulk Fuels Inventory Management Plan
- Optimization Studies
- Retail Processing
- DoD Fleet Card
- Bulk Petroleum Executive Agent (EA)

"Insanity is doing the same thing over and over again and expecting different results."

Albert Einstein

"There is no more delicate matter to take in hand, nor more dangerous to conduct, than to be a leader in the introduction of changes. For he who innovates will have for enemies all who are well off under the old order, and only lukewarm supporters in those who might be better off."

Nicolo Machiavelli